

PRESCRIPTION DRUGS

FINALLY A REALITY



In a historic victory for seniors, Congress has expanded Medicare to provide crucial prescription drug coverage and financial relief for millions of older Americans.

Medicare Rx Overview



- ✓ Immediate Rx Discount Card
- ✓ 100% Voluntary
- ✓ New Choices: MedicareAdvantage /
Strengthened Medicare+Choice
Integrated Health Care
- ✓ \$5 Prescriptions for Low-income
- ✓ \$35 Monthly Premium for Others

Medicare Rx Overview



- ✓ **Protection from Catastrophic Illnesses**
- ✓ **Works With PACE; No Need to Choose Either / Or**
- ✓ **Health Savings Accounts Available to All**
- ✓ **Strengthens and Enhances Employer Coverage**
- ✓ **Endorsed by National AARP**

Congress Passes Bill to Give Seniors Prescription Drug Benefits

How This Benefit Works

- **100% VOLUNTARY:** If you like your current plan, stay with it. If you want more flexibility or better benefits, then switch to a more comprehensive plan. The choice is yours.
- **DEEP DISCOUNTS:** Seniors will save 25% and their overall out of pocket drug spending could fall by as much as 77% in exchange for a premium of about \$35 per month.



Medicare **Rx** Card

Prescription Drug Discount Card

Name: John Smith

Rx Drug Policy #: 2003 - 108

This policy is available to ALL Seniors



STRENGTHENING MEDICARE TO MEET YOUR NEEDS

DISCOUNT CARD

Under the new plan, seniors will see real, immediate relief through an interim drug discount card, made available by June 2004.



This discount card will provide significant, immediate savings up to 25% off retail prices seniors are currently paying.



How Does A Senior Get Prescription Drugs?

**Medicare
Advantage
Regional Plans**

**Medicare Advantage /
Medicare+Choice (Local)
Plans**

**Stand-Alone
Prescription
Drug Plans**

**Former
Employer Plans**



Beneficiary

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graph TD; B[Beneficiary] --> DDC["In 2004-2006:  
Discount Drug Card:  
Basic discount card available to all beneficiaries.  
Low-income beneficiaries would receive $600 annually."]; DDC --> TFFS["Traditional Fee-For-Service Medicare:  
Current Part A and Part B Benefits"]; DDC --> MA["Beginning in 2006:  
Medicare Advantage:  
Private-Sector HMOs, PPOs, and fee-for-service plans.  
Integrated delivery systems with drug coverage and enhanced benefits."]; TFFS --> PCDP["Beginning in 2006:  
Private-Sector Competitive Drug Plans:  
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MedicareAdvantage

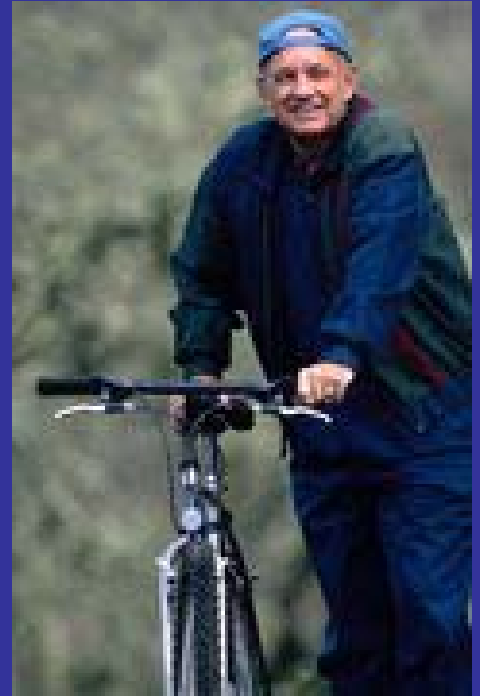
Beginning in 2006, seniors have the option of receiving better care through *private-sector MedicareAdvantage PPOs and HMOs* offering *integrated benefits*:

- Prescription drug coverage and medical benefits.
- Single deductible and overall protection against high out-of-pocket costs.
- Preventive care.
- Disease management.

STRENGTHENING MEDICARE TO MEET YOUR NEEDS

EVERYONE BENEFITS

All seniors under Medicare will be eligible for a guaranteed, voluntary benefit beginning in 2006—a benefit that will reduce their current prescription costs on average by close to 50%.



STRENGTHENING MEDICARE TO MEET YOUR NEEDS

\$5 Medications for Low-Income Seniors

A large, stylized yellow graphic of the number '5' with a dollar sign '\$' integrated into its left side, representing the \$5 cap on medication costs.

Low-income seniors, or those who make less than \$13,000 annually, will pay no more than \$5 for each medication they purchase.

Generic brand medicines will come with a mere \$2 price tag (those under 100% of FPL only pay \$1).

STRENGTHENING MEDICARE TO MEET YOUR NEEDS EVERYONE BENEFITS

**Medicare will cover 75%
of all costs up to \$2,250.
And most seniors will
never exceed that
amount—a typical senior
spends no more than
\$1,460 a year on
medications.**



STRENGTHENING MEDICARE TO MEET YOUR NEEDS EVERYONE BENEFITS

Those seniors who choose to enroll in the new plan will only be responsible for a dollar-a-day monthly premium (\$35) with a \$250 annual deductible. In exchange for that, Medicare will pay 75% of drug costs up to \$2,250.

It provides catastrophic protection for all seniors and those with disabilities who have high out-of-pocket prescription drug expenses. A \$2, \$5, or 5 percent coinsurance amount per prescription will be required once a beneficiary accumulates \$3,600 in out-of-pocket prescription drug spending.



Working With PACE / PACENet

- Seniors can benefit from both – there is no need to choose between PACE or Medicare. PACE can complement / build upon the new Medicare Rx benefit.
- For those seniors below \$13,000 in annual income (135% of poverty), the only cost would be a minimal co-payment (between \$1 to \$5 per prescription). THIS IS A BETTER DEAL THAN PACE OFFERS.



Working With PACE / PACENet

- **For those seniors above 135% of poverty, PACE / PACENet would be able to “fill in” or pay for any copayments, deductibles and other cost-sharing, so that most seniors would be better-off taking advantage of what both Medicare and PACE have to offer.**

BETTER CARE FROM MEDICARE

FAQ's

Q. Why is this bipartisan plan good for seniors?

A. In a word—savings. Enacting this plan into law means that seniors will now have help in affording the medications that keep them leading healthy and active lives. From the moment seniors sign up for the coverage, they will receive immediate savings on their overall drug bills. Also, the plan is 100% voluntary and will be offered to every Medicare recipient.

BETTER CARE FROM ***MEDICARE*** **FAQ's**

Q. What are the actual “savings” for seniors?

A. Seniors will initially save 25% or more through the prescription discount card. Seniors will save much more than 25% after the full drug benefit is available in 2006. For low-income seniors, the benefit covers all drug spending after a \$2 or \$5 co-payment.

BETTER CARE FROM MEDICARE

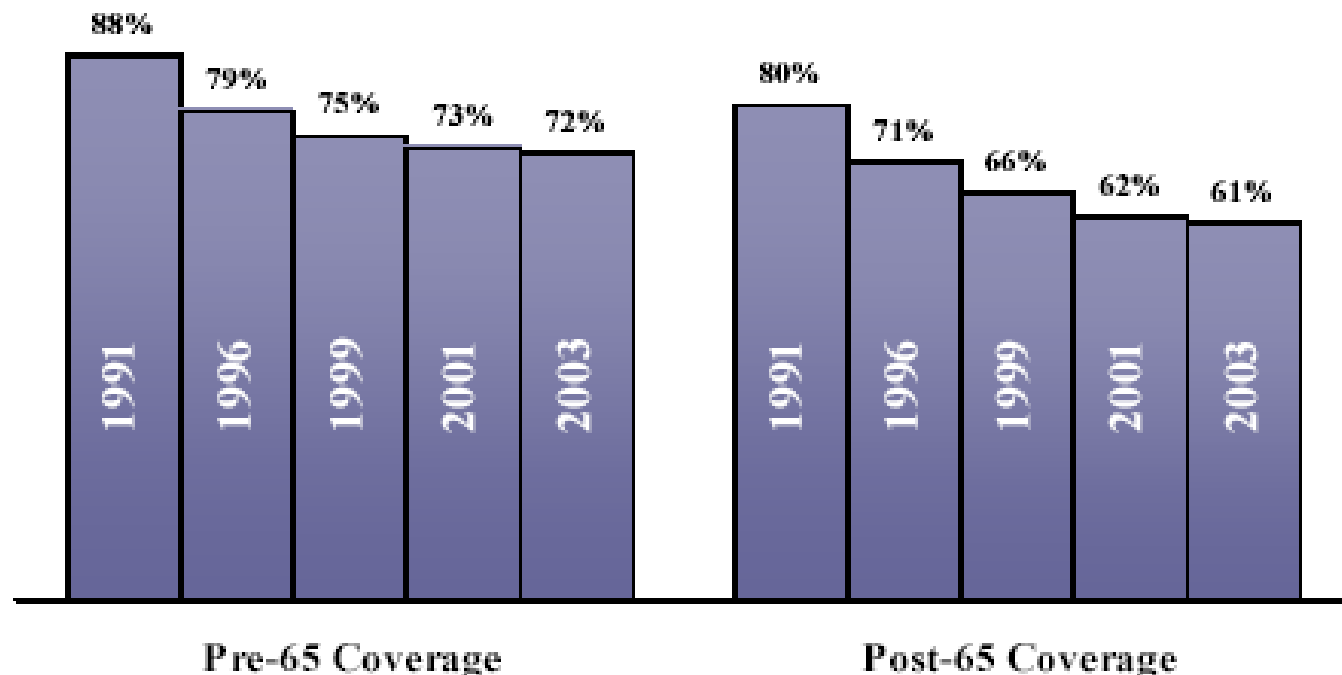
FAQ's

Q. Are seniors forced to participate in this new Medicare plan to get prescription drug coverage?

A. Not at all. The hallmark of this plan is choice – if you like your current traditional Medicare, you can choose to remain there and you will be eligible for the same discounts and coverage for your medications.

ENHANCING *EMPLOYER COVERAGE*

Percentage of Large Employers Offering
Retiree Medical Coverage



Source: Hewitt Associates SpecBook™ database of about 1,000 large employers with more than 1,000 employees.



ENHANCING EMPLOYER COVERAGE

*The Prescription Drug Package STOPS
the Trend of Fewer Employers
Providing Coverage*

- The package helps employers retain and enhance their prescription drug coverage so that beneficiaries can keep their retiree coverage.
- This is achieved through tax incentives for employers to retain current coverage, and subsidies to allow employer plans to work with the new prescription drug benefit.

SUMMARY



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